

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2606
ANSWERED ON:16.03.2007
IMPLEMENTATION OF BASEL II STANDARD
Bishnoi Shri Kuldeep

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has put off the implementation of BASEL-II standards in foreign banks operating within the country and Indian banks operating abroad;
- (b) if so, the reasons therefor; and
- (c) the time by which the international standards are likely to be implemented in the Indian banking sector so as to ensure better protection of the interests of the customers?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a.) to (c) : The Reserve Bank of India is committed to the adoption of Basel II by the banks and had indicated 31st March, 2007 as the intended date for adoption by all. Taking into account the state of preparedness of the banking system, however, it has been decided to provide banks some more time to put in place appropriate systems so as to ensure full compliance with Basel II. Foreign banks operating in India and Indian banks having presence outside India are to migrate to the standardized approach for credit risk and the basic indicator approach for operational risk under Basel II with effect from 31st March 2008. All other scheduled commercial banks are encouraged to migrate to these approaches under Basel II not later than 31st March, 2009.